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FILED IN THE U.S. DISTRICT COURT EASTERN DISTRICT OF WASHINGTON

JAN 15 2004

JAMES R. LARSEN, CLERK
DEPUTY
RICHLAND, WASHINGTON

UNITED STATES DISTRICT COURT EASTERN DISTRICT OF WASHINGTON

DANIEL R. AUTERY, and RITA ANN AUTERY, husband and wife; et al,

Plaintiffs,

V.

UNITED STATES OF AMERICA, by and through the DEPARTMENT OF ENERGY and THE UNITED STATES DEPARTMENT OF THE INTERIOR FISH AND WILDLIFE SERVICE,

Defendant.

NO. CT-02-5113-EFS

ORDER GRANTING THE UNITED STATES' MOTION TO DISMISS/SUMMARY JUDGMENT IN REGARDS TO INDEPENDENT CONTRACTOR AND DISCRETIONARY FUNCTION AND RULING ON OTHER MOTIONS

A hearing was held in the above-captioned on January 9, 2004. Robert Dunn, Jay Flynn, Thomas Wolfe appeared on behalf of the Plaintiffs, while James Shively and Rolf Tangvold appeared on the behalf of the United States. Before the Court were (1) USA's Motion to Dismiss for Lack of Subject Matter Jurisdiction Pursuant to Federal Rule of Civil Procedure 12(b)(1) or in the Alternative Motion for Summary Judgment, (Ct. Rec. 56), (2) Plaintiffs' Motion for Partial Summary Judgment Regarding Discretionary Function Affirmative Defense, (Ct. Rec. 64), (3) USA's Motion to Dismiss for Lack of Duty, Failure to File a Proper Administrative Claim, Unauthorized Representation, and Lack of Subject

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Matter Jurisdiction, (Ct. Rec. 86), and (4) Plaintiffs' Motion for Partial Summary Judgment Re: Affirmative Defenses: (1) Failure to State a Claim, (2) Wrongful Act by Government, (7) Act of God, and (9) Administrative Claim, (Ct. Rec. 67). After reviewing the submitted material and applicable statutory and case law and hearing oral argument, the Court is fully informed. On the major issue before the Court, the Court grants the United States' motion to dismiss/summary judgment for lack of subject matter jurisdiction finding that the independent contractor exception applies, or alternatively, the discretionary function exception applies. Rulings on other issues also follow.

I. BACKGROUND

On June 27, 2000, at approximately 1:20 p.m., a fire started as a result of a fatal automobile accident at Milepost 36 on State Route ("SR") 24, near the Hanford Reservation in Washington. The fire began within the State of Washington's easement boundaries and spread to the Fitzner-Eberhardt Arid Lands Ecology Reserve ("ALE"), and then ultimately to private land. The Hanford Fire Department ("HFD"), which was a subdivision of DynCorp Tri-Cities Services, Inc., took incident command and dispatched equipment and personnel to fight the fire.

The Hanford Reservation is a 587-square-mile property owned by the United States Department of Energy ("DOE"). (Klein Decl. ¶ 3.)

² A portion of the Hanford Site is known as the Fitzner-Eberhardt Arid Lands Ecology Reserve ("ALE"). (Klein Decl. \P 3.) The ALE is a 120-square-mile area that lies on the western side of the Hanford Site and has been designated as a wildlife refuge and research area. *Id*.

Incident command was relinquished to the Tri-County Incident Management Team at midnight, June 27, 2000. By the time the fire was contained on July 1, 2000, it had burned nearly 164,000 acres, forty homes, and outbuildings. In addition to the property damage, individuals may have died as a result of the stress induced by the fire, smoke, and property damage.

II. SUBJECT MATTER JURISDICTION

In this suit, Plaintiffs claim that the United States negligently failed to maintain firebreaks and allowed fire to trespass onto Plaintiffs' property.³ The Government contends that this Court lacks subject matter jurisdiction because the independent contractor exception and/or the discretionary function exception to the Federal Tort Claims Act apply.

A. Standard

There are two types of motions to dismiss to challenge subject matter jurisdiction: facial and factual challenges. A facial attack is based on the allegations in the Complaint, together with documents attached to the Complaint, judicially noticed facts, and undisputed facts in the record. Thornhill Publishing Co. v. Gen. Tel & Elect., 594 F.2d

The failures that Plaintiffs point to are that the Department of Energy ("DOE") (1) did not remove barbed-wire from its fences that catch tumbleweeds, (2) did not mow the right of ways, (3) did not apply a herbicide or chemicals on either side of the ALE fence lines, (4) did not burn in February, March, or April 2000, (5) did not mulch, (6) did not use surfactant, and (7) did not budget for such activities.

730, 733 (9th Cir. 1979). A factual attack to subject matter jurisdiction is based on extrinsic evidence apart from the pleadings. Gould Elects., Inc. v. United States, 220 F.3d 169, 176 (3d Cir. 2000). Where the jurisdictional issues and substantive issues are so intertwined that the question of jurisdiction is dependent upon the resolution of factual issues going to the merits, the court should consider the motion under the standards for summary judgment. Machlan v. Bell, 261 F.3d 908, 909 (9th Cir. 2001).

The Court finds that the jurisdictional issues and substantive issues before it are so intertwined that the question of jurisdiction is dependent upon the resolution of factual issues going to the merits. Accordingly, the Court reviews the motions under the standard for summary judgment.

A party is entitled to summary judgment where the documentary evidence produced by the parties permits only one conclusion. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 250 (1986). The party seeking summary judgment must show that there is an absence of disputed issues of material fact and that he is entitled to judgment as a matter of law. FED. R. CIV. PROC. 56(c). In other words, the moving party has the burden of showing that no reasonable trier of fact could find other than for the moving party. Celotex Corp. v. Catrett, 477 U.S. 317, 325 (1986). "A material issue of fact is one that affects the outcome of the litigation and requires a trial to resolve the parties' differing versions of the truth." S.E.C. v. Seaboard Corp., 677 F.2d 1301, 1306 (9th Cir. 1982). The court is to view the facts and draw inferences in the manner most

favorable to the non-moving party. Anderson, 477 U.S. at 255; Chaffin v. United States, 176 F.3d 1208, 1213 (9th Cir. 1999).

However, a burden is also on the party opposing summary judgment to provide sufficient evidence supporting his claims to establish a genuine issue of material fact for trial. Anderson, 477 U.S. at 252; Chaffin, 186 F.3d at 1213. "[A] mere 'scintilla' of evidence will be insufficient to defeat a properly supported motion for summary judgment; instead, the non[-]moving party must introduce some 'significant probative evidence tending to support the complaint.'" Fazio v. City & County of San Francisco, 125 F.3d 1328, 1331 (9th Cir. 1997) (quoting Anderson, 477 U.S. at 249, 252, 106 S. Ct. 2505).

B. Federal Jurisdiction

empowered to hear only those cases that are within the judicial power of the United States as defined by the United States Constitution and those cases that have been authorized by Congress. Mendoza v. Zirkle Fruit Co., 301 F.3d 1163, 1174 (9th Cir. 2002); Estate of Branson v. Comm'r of Internal Rev., 264 F.3d 904, 908 (9th Cir. 2001). As a result of these limits, the party initiating the suit in federal court must affirmatively allege facts in the complaint to show that the federal court has jurisdiction to hear the case. Fifty Assocs. v. Prudential Ins. Co., 446 F.2d 1187, 1189 (9th Cir. 1970). Federal courts generally lack the authority to consider and grant relief against the United States, unless Congress explicitly waives sovereign immunity. Congress provided a limited waiver of immunity under the Federal Tort Claim Act ("FTCA") for any claim founded on negligence of an employee of the United States. 28

U.S.C. § 1346, 2671 & § 2674.⁴ However, Congress did not waive immunity when the actions complained of were performed by individuals who were not "employees of the government" but rather were employees of a "contractor with the United States," 28 U.S.C. § 2671, or (2) when the action complained of was the result of a discretionary function on the part of a federal agency or an employee of the government, 28 U.S.C. § 2680(a). If immunity is waived under the FTCA, then the United States is liable if the employee's conduct would be a violation of "the law of the place where the act or omission occurred." 28 U.S.C. § 1346(b)(1).

C. Independent Contractor Exception

The United States argues that Plaintiffs' tort action for (1) failure to maintain firebreaks on its property and (2) negligently fighting the fire is barred by the independent contractor exception to the FTCA because individuals other than employees of the United States were responsible for the alleged wrongdoings. Plaintiffs contend that the United States did not delegate or contract away its duty to create and maintain firebreaks.

Federal law is used to determine if an entity or individual is a federal employee or an independent contractor. *Hines v. United States*, 60 F.3d 1442, 1447 (9th Cir.1995). The FTCA defines "employee of the government" as including "officers or employees of any federal agency.

^{4 28} U.S.C. § 2674 sets forth, "[t]he United States shall be liable, respecting the provisions of this title relating to tort claims, in the same manner and to the same extent as a private individual under like circumstances . . . "

executive departments, the judicial and legislative branches, the military departments, independent establishments of the United States, and corporations primarily acting as instrumentalities or agencies of the United States, but does not include any contractor with the United States." 28 U.S.C. § 2671. One is not a government employee simply because they are performing tasks that would otherwise be performed by salaried employees of the government. Logue v. United States, 412 U.S. 521,531-32 (1973). In addition, the fact that a contractor is completely funded by the United States is immaterial to the determination because the focus is on day-to-day control. United States v. Orleans, 425 U.S.807 (1976).

However, if the United States maintains too much control over the contractor, so that the United States effectively supervised the day-to-day operations of the contractor, then the contractor is no longer independent, and is in fact an employee. Yet, simply because the government inspects the contractor's work is insufficient; rather there must be "substantial supervision over the day-to-day operations." Letnes v. United States, 820 F.2d 1517, 1519 (9th Cir. 1987); Hines v. United States, 60 F.3d 1442, 1447 (9th Cir.1995).

The Tenth Circuit has developed a multi-factor test to assist in the analysis of the independent contractor exception to the waiver of sovereign immunity: (1) the intent of the parties as manifested in their agreement, (2) the extent of the control retained by the United States, (3) who owns the tools and vehicles, (4) who is responsible for providing liability insurance for the contractor, (5) whether the contractor pays

self-employment social security tax or the United States withholds income tax payments, (6) whether federal regulations prohibit federal employees from performing such contracts, and (7) whether the contractor has the authority to subcontract work to others. *Norton v. Murphy*, 661 F.2d 882, 885 (10th Cir. 1970).

Initially, the Court notes that neither party has brought to the Court's attention, nor has the Court found on its own inquiry, a federal regulation which prohibits federal employees from performing such contracts. Second, Plaintiffs have not contested that the tools and vehicles used by the Hanford Fire Department ("HFD") were owned by DynCorp/HFD, that the persons doing the work were employees of HFD, or that HFD set the employees' work hours and wages. Further, Fluor was allowed to and did hire DynCorp/HFD to assist in fulfilling its obligations under the contract. The Court finds that these factors weigh in favor of a finding that the independent contractor exception applies. Yet, vital to the overall analysis is the intent of the parties as manifested in their written agreements and the amount of control retained by the United States.

After reviewing the contracts in place at the time of the fire, the Court finds that DOE clearly contracted out fire prevention and fire fighting responsibilities. First, DOE contracted with Fluor for all emergency services on the Hanford site; these services included fire protection and suppression as well as fire fighting.⁵ Fluor

The contract between DOE and Fluor, called the "Project Hanford Management Contract," provided in part, "[t]he Contractor shall furnish

subcontracted with $DynCorp.^6$ HFD was a part of DynCorp and had the duty

all personnel, facilities, equipment, material, supplies, and services (except as expressly set forth in this contract as furnished by the Government) and otherwise do all things necessary for, or incident to, performing in an efficient and effective manner all work set forth in Section C." (¶ B.1.) Section C, entitled "Statement of Work," provided:

Contractor shall be responsible for planning, integrating, managing, and executing its projects, services, and other activities at the Hanford Site as described in the Contract.

. and shall furnish, or cause to be furnished, all personnel, facilities, equipment, material, supplies, and services (except as may be expressly set forth in this contract as furnished by the Government), and otherwise do all things necessary for, or incident to, providing its best efforts so as to carry out in an efficient and effective manner all necessary work set forth in this Contract."

Fluor Contract ¶ C.1. Also, under the contract, Fluor was responsible for providing technical and administrative emergency management services.

In Subcontract No. 80232764-9-K006, DynCorp agreed to assist Fluor with "planning, managing, integrating, operating, and implementing a full range, or designated portions thereof, of Hanford Site's programs, projects, and other activities as set forth in this Subcontract." Subcontract ¶ 2.0. Subsection F of this subcontract pertained to "Emergency Services" and provided:

The Subcontractor shall be responsible for Emergency Services including:

- 1. Fire Protection Engineering
- 2. Fire Department Emergency Response, including:
 - a. Fire Suppression
 - b. Rescue
 - c. Emergency medical/Ambulance
 - d. Hazardous Material Spill Response.

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to carry out the contractual duties regarding fire protection, suppression, and fire fighting. In furtherance of these duties, HFD was to utilize the February 1993 Arid Lands Ecology ("ALE") Facility Management Plan prepared by Batelle another contractor. The 1993 Plan was a guide to be followed by the ALE facility manager. The decision to change the management of the ALE to Fish and Wildlife Service ("FWS"), 7 also a government agency, did not reinsert the Government in the day-today management of the fire protection, firefighting, fire suppression duties regarding the ALE because the FWS continued to use the 1993 Plan and FWS contracted with HFD to provide the "scope" of services explicitly stated in the MOU.8

Incident Command е.

Fire Protection System Inspection and maintenance

Fire Prevention

In 1997, DOE entered into an agreement with the United States Fish and Wildlife Service ("FWS") whereby FWS was given a use permit for the ALE for the purpose of operating the ALE as a Research Natural Area. Accompanying this Permit was a Memorandum of Understanding dated June 20, 1997. This MOU provided that the "FWS will assume the management of the ALE."

The FWS entered into a Cooperative Agreement on September 14, 1998 with HFD. The purpose of the Cooperative Agreement was for HFD to "provide fire protection and wildfire suppression for the [FWS] managed lands located within the Hanford Site boundaries in Benton County, Washington." (\P 1.)

Furthermore, the Court finds that the United States did not retain substantial control over the day-to-day operations. Craig Christenson has held the position of Fire Protection Engineer for DOE since 1992. (Christenson Decl. p. 7.) In this position, he wrote reports, reviewed contractors' assessments, did assessments, reviewed safety analysis reports, and advised management of the fire protection program at the Hanford site. (Christenson Decl. p. 7.) Mr. Christenson also attended meetings regarding fire protection and firefighting programs. Mr. Christenson did not "hands-on" participate nor direct the parties on a day-to-day basis as to how the fire prevention was to be achieved. Therefore, DOE's involvement did not rise to the level of substantial day-to-day involvement as is required.

For the reasons given above, the Court finds that, after reviewing the record before it, DOE contracted out the fire prevention and suppression responsibilities. Accordingly, the independent contractor exception applies, and the Court does not have jurisdiction over the United States in regards to fire protection and fire suppression claims.

D. Discretionary Function Exception

The discretionary function exception, created by 28 U.S.C. § 2680(a), bars, "[a]ny claim . . . based upon the exercise or performance or the failure to exercise or perform a discretionary function or duty on the part of a federal agency or an employee of the Government, whether or not the discretion involved be abused." The burden of showing the applicability of this exception lies with the United States. Reed v. United States Dep't of the Interior, 231 F.3d 501, 503 (9th Cir. 2000). The purpose of the exception is to "prevent judicial 'second-guessing'

of legislative and administrative decisions grounded in social, economic, and political policy through the medium of an act of tort." *United States* v. Gaubert, 499 U.S. 315, 323 (1991) (citing *United States* v. Varig Airlines, 467 U.S. 494, 813 (1984).

The United States Supreme Court created a two-pronged test to determine whether the exception applies. Id.; Berkovitz v. United States, 486 U.S. 531 (1988). First, the exception applies if the district court determines that the allegedly negligent or wrongful act of a federal employee involved "an element of judgment or choice," i.e. it is discretionary. Berkovitz, 486 U.S. at 536; Gaubert, 499 U.S. at Second, in order for the exception to apply, the court must 323. determine that the discretionary conduct at issue is "susceptible" to policy analysis; in other words, the judgment is the type of conduct the exception is designed to shield. Berkovitz, 486 U.S. at 536; Gaubert, 499 U.S. at 323. "The focus of the inquiry is not on the agent's subjective intent in exercising the discretion conferred by statute or regulation, but on the nature of the actions taken and on whether they are susceptible of policy analysis." Id. at 325. Accordingly, the discretionary function exception does not apply when a federal statute, regulation, or policy prescribes a course of specific conduct for an employee to follow. Berkovitz, 486 U.S. at 536. In addition, budget constraints are insufficient by itself to make an activity a discretionary function for purposes of the FTCA. ARA Leisure Servs. v. United States, 831 F.2d 193, 195-96 (9th Cir. 1987).

Plaintiffs have pointed to no federal statute or regulation mandating federal action. Rather, Plaintiffs argue that the 1993 ALE

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Plan was a policy formulated by the government which eliminated the DOE's discretion in maintaining firebreaks.

After reviewing the record before it, the Court rules that the decision of whether or not to maintain firebreaks, what method to use if firebreaks are done, e.g. via controlled burns, mowing, discing, or spraying, and where is a discretionary decision. The 1993 Plan did not impose any mandatory duties upon federal employees or its contractors. The Plan states it is setting out "[t]he preferred management alternative" for the ALE, and that the "ALE facility manager will use this plan to guide decisions on managing the [ALE]." highlight that the Plan also states that "[t]he DOE retains final authority over all decisions, policies, and operations regarding ALE Site management." However, the 1993 Plan also stated, "The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency thereof." In addition, it provides, "Neither the United States Government nor any agency thereof, nor Battelle Memorial Institute, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product or process disclosed, or represents that its use would not infringe privately owned rights." The Court finds that these statements together demonstrate that the 1993 Plan was intended merely to guide management issues on the ALE, and did not establish binding federal policy.

Accordingly, even if the MOU between DOE and FWS were to be construed as assigning no duties to HFD regarding fire protection and

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fire suppression, the Court finds that subject matter jurisdiction is lacking because the decisions of whether, how, and where to maintain firebreaks involve elements of judgment and choice and these decisions are susceptible to policy analysis.

III. REMAINING ISSUES: DUTY AND AFFIRMATIVE DEFENSES

Also, before the Court, was the issue of whether the United States had a duty under Washington law to undertake fire prevention activities. The Court declines to rule on this question in light of its finding that the Court lacks jurisdiction under the Federal Tort Claims Act.

In addition, the Court does not rule on Plaintiffs' motion as it pertains to the Act of God Affirmative Defense. During oral argument, Plaintiffs did not object to the United States' request that ruling on such motion be continued until after the parties had an opportunity to conduct discovery into proximate causation. For administrative reasons, the Court denies the motion with right to renew following discovery.

Also, at the hearing, the parties informed the Court that agreements had been reached in regards to the Affirmative Defense of Failure to File a Proper Administrative Claim. The United States no longer contests Plaintiffs' counsel's ability to pursue the litigation on the Plaintiffs' behalf. The Plaintiffs agreed that their requests for pre-judgment interest and attorneys' fees, in part, are limited by the FTCA. On the remaining issue regarding the Plaintiffs' administrative damages claim, the Court finds the language "not less than" in the administrative claim surplusage and thus strikes that phrase, finding that the listed monetary amount is the sum certain. See Bradley v. United States, 951F.2d 268, 271 (10th Cir. 1991).

For the reasons given above, IT IS HEREBY ORDERED:

- 1. USA's Motion to Dismiss for Lack of Subject Matter Jurisdiction Pursuant to Federal Rule of Civil Procedure 12(b)(1) or in the Alternative Motion for Summary Judgment, (Ct. Rec. 56), is GRANTED.
- 2. The Plaintiffs' Motion for Partial Summary Judgment Regarding Discretionary Function Affirmative Defense, (Ct. Rec. 64), is DENIED.
- 3. USA's Motion to Dismiss for Lack of Duty, Failure to File a Proper Administrative Claim, Unauthorized Representation, and Lack of Subject Matter Jurisdiction, (Ct. Rec. 86), is GRANTED IN PART, DENIED IN PART (with right to renew), AND ABSTAINED IN PART.
- 4. Plaintiffs' Motion for Partial Summary Judgment Re: Affirmative Defenses: (1) Failure to State a Claim, (2) Wrongful Act by Government, (7) Act of God, and (9) Administrative Claim, (Ct. Rec. 67), is DENIED IN PART, ABSTAINED IN PART, AND GRANTED IN PART.

IT IS SO ORDERED. The District Court Executive is directed to

- (1) Enter this Order,
- (2) Provide copies to counsel,
- (3) Enter Judgment in favor of the Defendants on the grounds that the Court does not have subject matter jurisdiction under the Federal Tort Claims Act, and
 - (4) Close this file, subject to reopening for good cause shown.

DATED this _____ day of January, 2004.

EDWARD F. SHEA

United States District Judge

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